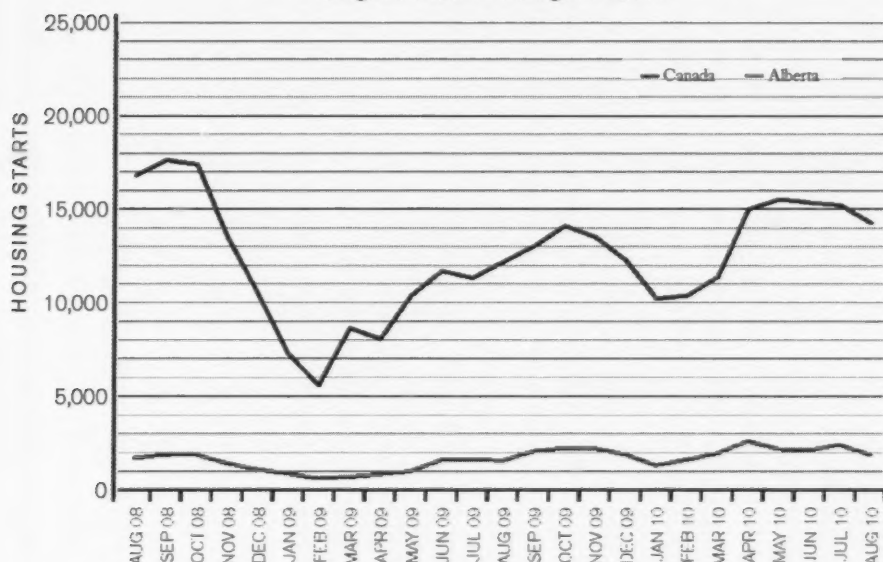


HOUSING BULLETIN MONTHLY REPORT

1

HOUSING STARTS SLOW IN AUGUST

Preliminary Housing Starts in Alberta* and Canada*
August 2008 to August 2010



- Canada's total preliminary housing starts for August 2010 were down 6.2 per cent over July 2010 and up 17 per cent over August 2009. According to Canada Mortgage and Housing Corporation (CMHC), the decline in starts reflects a decrease in both single and multiple starts across the country.
- Alberta's August 2010 total preliminary housing starts fell 21.9 per cent from July 2010, but were 20.3 per cent higher than in August 2009.

* Data reflects centres with a population of 10,000 and over only.

Source: Canada Mortgage and Housing Corporation

ISSUE HIGHLIGHTS

Housing Starts

Starts remain higher in major urban centres.

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Home

Price Index
Canadian home prices surpass historic norms.

Page 5

Overnight

Lending Rate
Canadians cautioned about debt loads and rising interest rates.

Page 6

Canadian consumers are among the highest leveraged households in the world, which doesn't bode well for the housing market.

(FINANCIAL POST, SEPTEMBER 16, 2010)

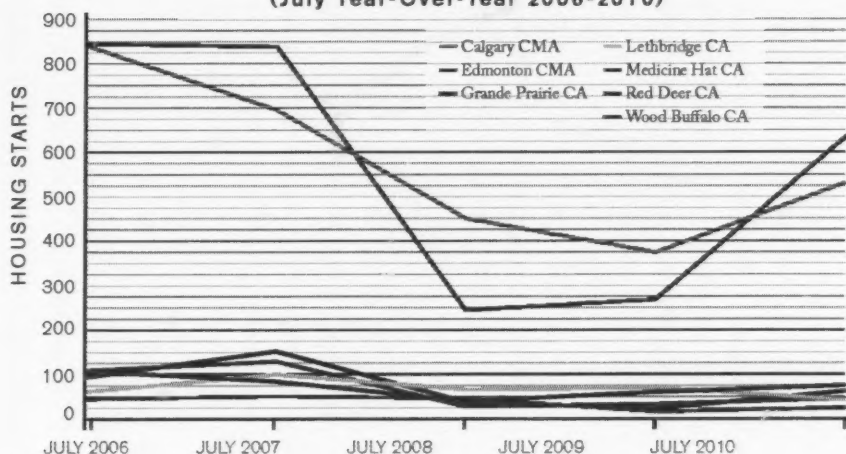
The hangover from accelerated home purchases is likely to persist over the rest of 2010. Although economic and job growth are expected to be tepid, they will continue to support housing markets (CREA).

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SINGLE-FAMILY HOUSING STARTS POST STRONG YEAR-OVER-YEAR RECOVERY in ALBERTA

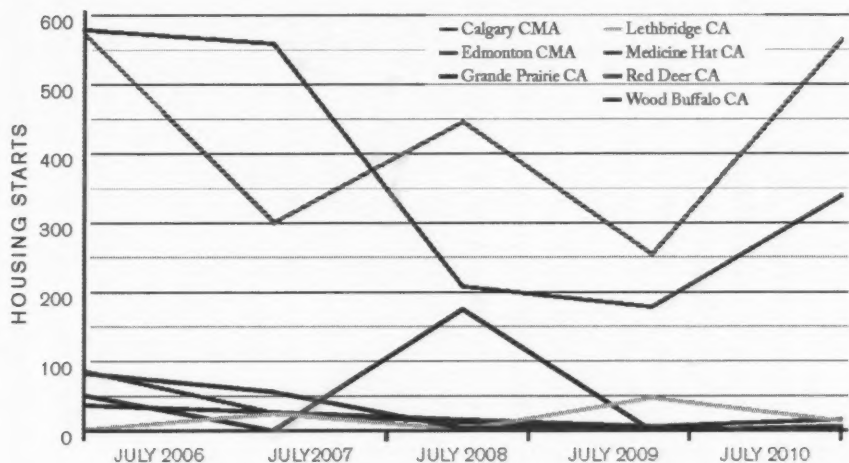
Actual Housing Starts - Single Detached
(July Year-Over-Year 2006-2010)



- Overall, across Alberta single-detached housing starts increased 46.2 per cent from July 2009 to July 2010. However, the level of construction activity remains 24.8 per cent below the levels seen in the housing construction boom of July 2007.
- From July 2009 to July 2010, housing starts for single-detached homes increased 123.4 per cent in Edmonton and 20.2 per cent in Calgary.
- Medicine Hat experienced the largest year-over-year increase in single-family starts from 9 new homes in July 2009 to 22 in July 2010, an increase of 144.4 per cent.

Source: Canada Mortgage and Housing Corporation

Actual Housing Starts - Multi-Family Dwellings
(July Year-Over-Year 2006-2010)



- Overall, construction of multi-family dwellings increased 90.5 per cent from July 2009 to July 2010 across Alberta's major centres. Calgary and Edmonton drove the increase, with starts rising from 254 in July 2009 to 564 starts in July 2010 in Calgary, an increase of 122 per cent. Edmonton also reported a substantial increase in multi-family starts of 90.4 per cent from 178 in July 2009 to 339 in July 2010.
- Multi-family starts fell in all other major centres except Red Deer, where starts rose 166.7 per cent from 6 in July 2009 to 16 in July 2010.
- Canada Mortgage and Housing Corporation predicts a slowdown in multi-family starts in the second half of 2010 due to the high number of resale listings and rising interest rates.

Source: Canada Mortgage and Housing Corporation

Despite interest rates remaining relatively low, the exhaustion of pent-up demand from the recession and the effects of elevated sales in early 2010 should dampen housing demand over the next 18 months (ALTUS GROUP).

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YEAR-OVER-YEAR ACTIVITY in EDMONTON'S RESALE MARKET SOFTENED in AUGUST

Year-Over-Year Comparison of Housing Resale Activity
in Edmonton in the Month of August

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
	Single- family Dwelling	Condominium	Duplex / Rowhouse					
Aug 06	\$318,719	\$201,103	\$262,428	19	2,146	1,987	92	88
Aug 07	\$404,162	\$269,554	\$324,450	38	1,417	1,284	90	54
Aug 08	\$372,232	\$248,171	\$309,993	62	1,227	1,574	128	42
Aug 09	\$367,733	\$242,367	\$300,132	51	1,540	1,694	110	59
Aug 10	\$372,253	\$232,230	\$352,662	57	2,700	1,195	44	47

- The average price of a single-family dwelling in Edmonton increased 1.2 per cent from August 2009 to August 2010. Over the same period, the average price fell 4.2 per cent for a condominium and increased 17.5 per cent in the duplex and rowhouse sector.
- Listings in August 2010 increased 75.3 per cent over August 2009, but sales were down 29.5 per cent. According to the President of the Realtors' Association of Edmonton, although the market has been quiet this summer, inventory is being constantly refreshed.

- A home in Edmonton sat on the market for an average of 57 days in August 2010, an increase of 11.8 per cent over August 2009.

Source: Realtors' Association of Edmonton

YEAR-OVER-YEAR CALGARY HOME REALES TREND LOWER in AUGUST 2010

Year-Over-Year Comparison of Housing Resale Activity
in Calgary in the month of August

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market
Aug 07	\$485,914	4,821	2,837	1,314	39	\$320,790	1,855	1,186	598	35
Aug 08	\$440,625	5,541	2,270	1,170	52	\$287,832	2,699	1,054	495	58
Aug 09	\$454,130	3,296	1,910	1,277	42	\$283,330	1,479	832	632	47
Aug 10	\$445,617	5,046	1,960	867	50	\$286,384	2,255	808	364	53

- The number of single-family Calgary homes sold in August 2010 fell 32.1 per cent compared to August 2009, and prices also fell 1.9 per cent.
- Listings for single-family homes were up 2.6 per cent from August 2009 to August 2010.
- The average price for a single-family home in Calgary in August 2010 was \$445,617, only slightly higher than the 2008 low of \$440,625.

- Condominium sales fell by 42.4 per cent from August 2009 to August 2010. The average price for a condominium in Calgary was \$286,384 in August 2010, 1.1 per cent higher than 2009 levels (\$283,330) but 10.7 per cent below the peak prices of 2007 (\$320,790).

Source: Calgary Real Estate Board

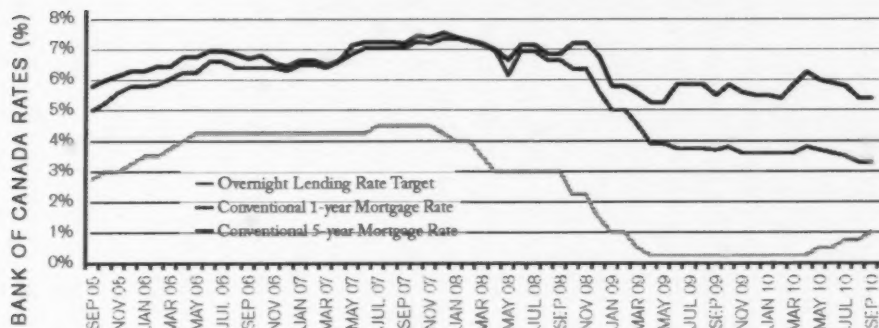
Recent price growth has "encouraged" more new listings in Alberta's resale markets. Given this and a slowing level of demand, CMHC predicts prices will moderate (CALGARY HERALD, SEPTEMBER 18, 2010).

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BANK of CANADA RAISED OVERNIGHT RATE ONCE AGAIN but MORTGAGE RATES are UNAFFECTED

Bank of Canada Interest Rates,
September 2005 to September 2010



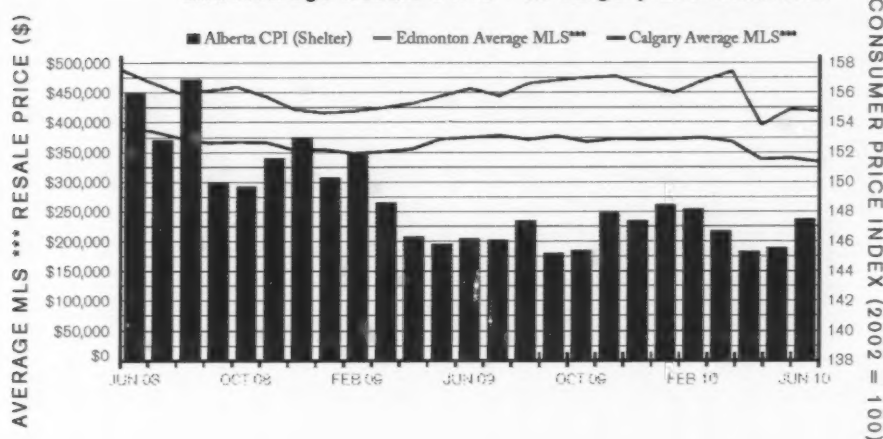
- This latest rate hike came just one day before the Organization for Economic Coordination and Development urged governments to keep stimulus measures in place due to the global slowdown, and amid reports that Canadians are assuming record levels of debt relative to their income (Calgary Herald, September 14, 2010).

Source: Bank of Canada

- August marked the third consecutive month that the Bank of Canada raised its target for the Overnight Lending Rate by 0.25 percentage points to 1.0 per cent on September 8, 2010. By historical standards the rate remains very low.
- As of September 15, 2010, the advertised five-year conventional mortgage rate stood at 5.39 per cent, and 1-year mortgage at 3.3 per cent. This is the lowest level conventional 1-year mortgage rates have reached from September 2005 to September 2010.

LOW INTEREST RATES NOT REFLECTED in ALBERTA'S CONSUMER PRICE INDEX

Alberta Consumer Price Index (CPI) Shelter*
and Average Resale Price** in Calgary and Edmonton



- According to Statistics Canada, the Consumer Price Index (CPI) for shelter attempts to capture the costs of housing, including both rental costs and costs specific to homeowners including mortgage interest costs, replacement costs, property taxes, insurance and maintenance and repair costs.
- Despite improving indicators of affordability, Alberta's shelter CPI increased to 147.5 in June 2010. This remains well below the peak of 156.9 in August 2008.

* Shelter includes Rented and Owned (owned includes owner's replacement costs, home and mortgage insurance and maintenance costs) and water, fuel and electricity.

** Average resale price is for a single-family dwelling only.

*** MLS = Multiple Listings Service.

Source: Royal Bank of Canada Economics Research

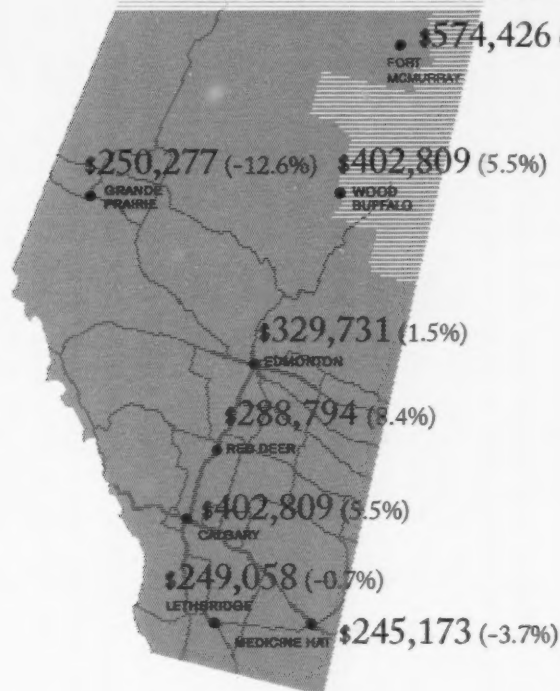
Canadian consumers are still a little too eager to take on debt that may not be sustainable if interest rates rise or if the economy dips back into a second recession (VANCOUVER SUN, SEPTEMBER 17, 2010).

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SNAPSHOT of RESALE PRICES* ACROSS ALBERTA

Average July 2010 Home Resale Price in Alberta's
Major Urban Centres (and annual per cent change)



• Across Alberta**, the average price for a home increased 3 per cent from July 2009 to July 2010. The most significant increase was in Red Deer where prices for a single family home increased 8.4 per cent over the previous year followed by Calgary (5.5 per cent).

• Despite the overall provincial increase in prices, four of the seven urban centres in Alberta saw average prices decrease: Grand Prairie (-12.6 per cent), Fort McMurray (-9.9 per cent), Medicine Hat (-3.7 per cent) and Lethbridge (-0.7 per cent).

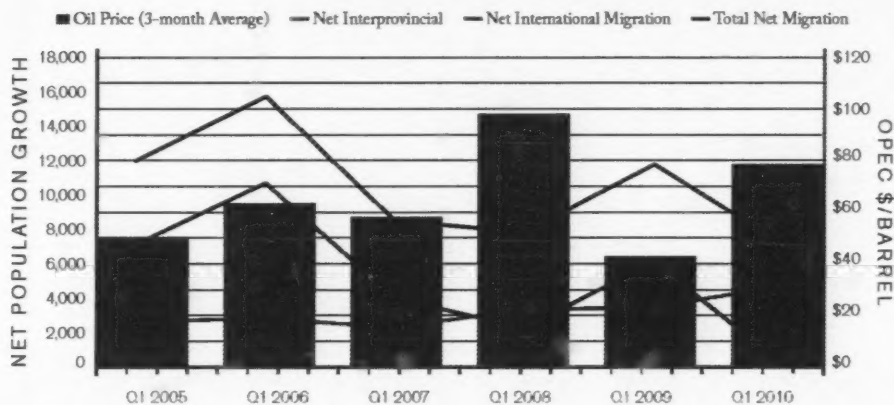
* This figure denotes only detached single-family homes in these regions.

** The total includes MLS data from the 11 major real estate boards in Alberta.

Source: Alberta Real Estate Association

MIGRATION to ALBERTA and OIL PRICES REMAIN VOLATILE

Migration Trends in Alberta: Annual First Quarter Analysis,
2005 (Q1) To 2010 (Q1)*



• From Q1 2005 to Q1 2006, net migration increased along with oil prices (27 per cent), then fell as oil prices fell 8 per cent in Q1 2007. The return in net migration lagged oil price growth in Q1 2008 (67 per cent) as it rose one year later.

• Over the long-term, net migration in Alberta is highly correlated with growth in the resource based economy. It is difficult to plan for housing and employment in construction and trades, particularly as shorter term trends are volatile.

• According to a report by Altus Group, the uncertainty surrounding deep sea drilling could increase investment in unconventional oil, and migration to Alberta.

* Q1: January - March

Source: Alberta Real Estate Association

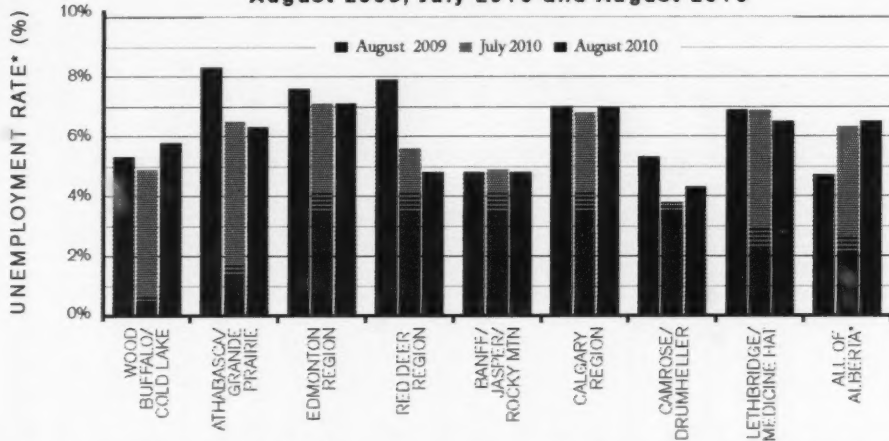
While we would like to see stronger recovery in a wider spectrum, overall economic growth in Alberta is rebounding solidly and the lagging sectors are expected to benefit from renewed strength in energy-related activity (RBC ECONOMICS).

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ALBERTA'S UNEMPLOYMENT RATE CONTINUES TO RISE

Unemployment Rate* in Alberta Regions,
August 2009, July 2010 and August 2010



- Although it remains lower than the national average (8.1 per cent), Alberta's seasonally adjusted unemployment rate increased from 6.3 per cent in July 2010 to 6.5 per cent in August 2010. On an annual basis, Alberta's unemployment rate rose from 4.7 per cent in August 2009 to 6.5 per cent in August 2010.
- The most substantial month-over-month improvement occurred in the Red Deer region, where unemployment fell from 5.6 per cent in July 2010 to 4.8 per cent in August 2010. Red Deer also reported improved unemployment rates year-over-year as they fell from 7.9 per cent in August 2009 to 4.8 per cent in August 2010.

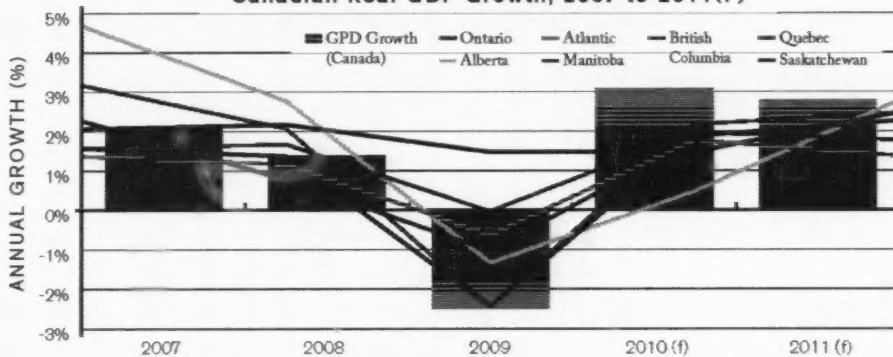
• The Bank of Montreal's Chief Economist suggests Alberta's latest unemployment figures are on the soft side of expectations and consistent with a broader loss of momentum in the Canadian economy (*Edmonton Journal*, September 15, 2010).

* Seasonally adjusted.

Source: Alberta Finance and Enterprise

ALBERTA'S UNEMPLOYMENT RATE CONTINUES TO RISE

Provincial Employment Growth Forecasts and
Canadian Real GDP Growth, 2007 to 2011(F)



- According to the President of the Alberta Federation of Labour, Alberta's economy is not as robust as the rest of the western provinces. The slow creation of full-time jobs has resulted in the slowest job growth in Canada, highest rate of commercial bankruptcies, and the highest social assistance caseloads since 1997.
- Desjardins forecasts for 2010 indicate Alberta will lag other Canadian provinces in employment growth, but by 2011 will surpass them to reach 2.8 per cent.

• Canada's Gross Domestic Product is forecasted to recover to 3.1 in 2010, and fall slightly to 2.7 over the course of 2011.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

EDMONTON JOURNAL, SEPTEMBER 15, 2010). Employment growth in Alberta has continued to lag behind that of the country as a whole in 2010 (EDMONTON JOURNAL, SEPTEMBER 15, 2010). whole in 2010

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